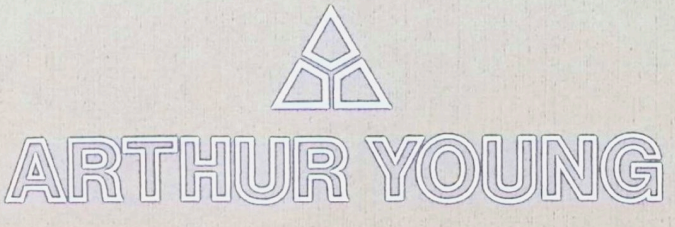
POINT
(d/b/a Point Foundation)

BALANCE SHEET

DECEMBER 31, 1983

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



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BALANCE SHEET

December 31, 1983

ASSETS		
Current assets:		
Cash		$215,756
Restricted cash (Note 2)		25,325
Accounts receivable:		
Subscriptions	$24,678	
Trade	11,136	
Mail list	9,159	
		$44,973
Inventories (Note 3)		60,863
Deferred publishing expenses		223,001
Prepaid expenses and other assets		3,215
Total current assets		573,133
Furniture and equipment:		
Equipment (Note 5)		116,836
Furniture and fixtures		2,657
		119,493
Less accumulated depreciation and amortization		20,063
Net furniture and equipment		99,430
Other assets		8,044
		$680,607

LIABILITIES AND FUND DEFICIT	
Current liabilities:	
Accounts payable:	
Trade	$ 74,842
Art Zone (Note 2)	25,325
Accrued liabilities (Note 3)	91,186
Advance royalties (Note 4)	552,500
Production advance (Note 4)	15,000
Deferred subscription revenue	335,780
Current portion of capital lease obligations (Note 5)	6,708
Total current liabilities	1,101,341
Long-term portion of capital lease obligations (Note 5)	24,972
Fund deficit	(445,706)
	$ 680,607

See accompanying notes.

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NOTES TO BALANCE SHEET

December 31, 1983

1. Summary of significant accounting policies

Nature of business

Point is a California non-profit corporation founded to promote and finance research and studies of economic, behavioral, and sociological problems for the purpose of benefiting the local and national community. In pursuit of its exempt purpose, the Foundation is engaged principally in the following activities: author and publisher of The Next Whole Earth Catalog, Co-Evolution Quarterly and The Whole Earth Software Review and author of The Whole Earth Software Catalog.

The Foundation has incurred significant losses from operations and has working capital and net fund deficiencies at December 31, 1983. Continuance as a going concern is dependent upon future developments, including the Foundation's ability to achieve a level of operations and/or obtaining sufficient financing and working capital to finance continuance of operations and to meet obligations as they become due.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

Depreciation and amortization

Depreciation and amortization are provided on the straight-line method over the lesser of the estimated useful asset life of five years, or as to capitalized lease equipment, the term of the lease.

Deferred publishing expense

Costs of developing publications are deferred and matched against revenues as earned.

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NOTES TO BALANCE SHEET

December 31, 1983

1. Summary of significant accounting policies (continued)

Magazine subscriptions and sales

Revenues from subscriptions are deferred and recognized as income proportionately over the terms of such subscriptions. Revenues from magazine sales to newsstands and other distributors are recorded based upon shipments less estimated returns.

2. Restricted cash

The Foundation is holding in trust $25,325 at December 31, 1983 for the use of Art Zone. A corresponding liability for this amount has been recorded.

3. Inventory distributing agreement

Inventories of The Next Whole Earth Catalog (which are reflected on the balance sheet at an estimated recoverable value of approximately $18,000, which is less than cost) are subject to an exclusive distribution agreement. Under the agreement, dated April 1980, the distributor has advanced to the Foundation all costs of paper, printing, binding, and shipment to the distributor's distribution center, in exchange for distribution fees. At December 31, 1983, $79,805 (included in accrued liabilities) was due to the distributor for these advanced costs.

4. Advances

In connection with The Whole Earth Software Catalog, the Foundation has an agreement dated April 1983, granting publishing rights in exchange for royalties calculated at stipulated percentages of retail sales. At December 31, 1983, the publisher had advanced royalties of $552,500 (net of a $97,500 agent's commission) and $15,000 of production costs. All costs incurred and revenues received which are associated with the development of the catalog have been deferred until performance under the

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NOTES TO BALANCE SHEET

December 31, 1983

4. Advances (continued)

contract is complete. Additional advances of $567,500 were payable by the publisher upon completion of performance as specified by the contract. As of July 27, 1984 such performance was complete and all amounts were paid.

5. Leases

Certain equipment has been acquired under capital leases with a capitalized cost at December 31, 1983 of $26,807 (net of $11,311 accumulated depreciation).

Future minimum lease payments under noncancellable leases as of December 31, 1983 are:

Years ending December 31	Capital leases	Operating leases
1984	$13,129	$36,000
1985	12,509	36,000
1986	10,959	15,000
1987	8,788	-
1988	1,464	-
	46,849	$87,000
Less amount representing interest	15,169	
Net present value of minimum lease payments	$31,680	